

STATE SCHOOL AID UPDATE

Michigan Department of Education



December 2014

Vol. 23 No. 3

HAPPY HOLIDAYS TO ALL OF YOU

Superintendent Mike Flanagan and the Office of State Aid and School Finance staff (Phil, Sandy, Jeff, Brian, John, Chris, Chad, and Dan) wish each of you a Happy Holiday Season! Also, we wish you the best for the upcoming New Year. As always, we encourage you to feel free to contact us with questions or concerns that we may be able to help with. In addition, we would like to thank you for the support and encouragement that you express to us when we talk on the phone or meet occasionally in person at meetings and other functions.

DECEMBER PAYMENT INFORMATION

The December state school aid payment is the third regular payment of the 2015 fiscal year. The payment will be electronically transferred to the districts' accounts on Monday, December 22, 2014.

Pupil membership – October 2014 unaudited pupil count data reported to the Center for Educational Performance and Information (CEPI) via the Michigan Student Data System (MSDS) were used in the calculation of the blended membership count for the December payment.

Updated categoricals – The following categoricals were updated in the December payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Early Childhood Block Grant - Section 32p (Rachel Mellema, Early Childhood Education and Family Services, (517) 241-4766, MellemaR@Michigan.gov)
- Math Science STEM - Section 99(7) (Ruth Anne Hodges, Education Improvement and Innovation, (517) 241-2219, HodgesR3@Michigan.gov)
- MPSERS UAAL Rate Stabilization - Section 147c (Phil Boone, State Aid and School Finance, (517) 335-4059, BooneP2@Michigan.gov)
- Math Science STEM Competitive – Section 99(7) (Ruth Anne Hodges, Education Improvement and Innovation, (517) 241-2219, HodgesR3@Michigan.gov)

FORMER SECTION 32E SMALL CLASS SIZE FUNDS

Several years ago, the districts that received Small Class Size funds under Section 32e of the State School Aid Act had those funds rolled up into their Section 20 per pupil foundation funds. However, language in Section 20 of the Act required that the funds be restricted to use for purposes of former Section 32e (small class sizes in early elementary grades). An amendment to school aid for FY 2015 has removed the language that restricted the funds. Consequently, the funds can now be considered to be unrestricted. Therefore, the reference to those funds and the amount of those funds that appeared as a notation in the "Foundation" box at the top of the State School Aid Financial Status Report for those districts that had their foundations adjusted is no longer reflected on the status report.

SECTION 147D MPSERS FUNDS

New for FY 2015 is language in Section 147d of the State School Aid Act that allocates \$108 million to districts, intermediate districts, community colleges, or district libraries to flow through to the retirement system to allay the costs associated with the incentivized retirement plan as described in Section 81b of the Public School Employees Retirement Act as amended by 1980 P.A. 300 (MCL 38.1381b). Although a portion of these funds was processed in the November payment, future installments are being withheld while various implementation issues are resolved. We will keep you apprised of the status of these funds as we get more information as to the amount due the community colleges, libraries and any other issues.

FY 2014 FID DATA

The Department would like to thank school district administrators for submitting the FY 2014 FID data. Department staff has reviewed the data for quality. E-mails will be sent to specific FID users requesting corrections within the next few weeks. The FID remains open at this time for

districts to submit updated files. Once the final FID data have been processed, preliminary 2016 Indirect Cost Rates and 2014 Maintenance of Effort will be calculated. It is anticipated that staff will run those calculations during the first week of February 2015. Questions related to this item may be directed to Chris May at (517) 335-1263 or e-mail: MayC@Michigan.gov.

DELINQUENT REPORTS RESULT IN THE WITHHOLDING OF FUNDS

A few districts and public school academies (PSA) have failed to comply with the November 15, 2014 submission deadline for the **Financial Information Database (FID) – Annual Comprehensive Financial Report** and the **Financial Audit Reports**. The financial penalty for non-compliance is a 100% withholding of state aid until the reports are received. Therefore, for the districts with outstanding reports as of December 2, 2014 the December payment has been withheld. Payments will continue to be withheld until the required reports are received. Questions regarding the *audit reports* may be directed to Naomi Krefman, Office of Audits, (517) 335-6858, or e-mail: KrefmanN@Michigan.gov. Districts with questions pertaining to the *FID* may contact Chris May, State Aid and School Finance, (517) 335-1263, or e-mail: MayC@Michigan.gov. It is important to note that in all of the above cases, the delinquent districts were contacted and encouraged to file the reports in order to avoid an interruption in their state aid. Nevertheless, there remain a few noncompliant districts. As noted above, we appreciate the cooperation of all those who have filed their reports in a timely manner.

SECTION 22C EQUITY PAYMENT

As in FY 2014, in addition to the per pupil foundation funds, districts with a FY 2015 foundation grant less than \$7,251 are receiving a **Section 22c Equity Payment** equal to \$7,251 minus the sum of the district's FY 2014 foundation grant plus their FY 2014 per pupil Equity Payment. Those funds appear in the "Current Year Allowance Section" of the State School Aid Financial Status Report on a line labeled "22c Foundation Equity Payment." The allowance is equal to the per pupil amount times the district's state aid membership (combined general education and special education pupil count).

BUDGET AND SALARY/COMPENSATION TRANSPARENCY REPORTING REMINDER

Every district receiving State School Aid is required to post certain financial data on their website. Several changes were made this year, including posting budgets and amendments within **15** days of adoption. There are also three new data elements that must be included on LEA and PSA websites. Schools that submit an ESP file must post two additional pie charts. Information on these changes and all required data elements may be found in the Department's guidance, which is available at http://www.michigan.gov/mde/0,1607,7-140-6530_6605-159882--,00.html. Questions related to Budget and Salary/Compensation Transparency reporting should be directed to Chad Urchike, Office of State Aid and School Finance, at UrchikeC1@Michigan.gov (517-335-1261).

HELP WITH RECONCILING PRIOR YEAR ADJUSTMENTS

An online report is available to assist with the reconciliation of prior year state school aid adjustments. This report is intended to provide an improved resource for this purpose as many school business officials have requested. The new report expands upon the previously available prior year adjustment spreadsheets. The report details the parameters used to recalculate state aid, the recalculated amounts by section of the State School Aid Act, and includes historical data to assist the district in understanding prior year adjustments. The report can be seen at <http://mdoe.state.mi.us/SAMSStatusReports/LEAPriorYrAdjustments.aspx>. Use the drop-down window to select the fiscal year, and enter the district code to see the results. Please contact Phil Boone at BooneP2@Michigan.gov or 517-335-4059 with any questions.

GENERAL INFORMATION

The proration factor for Section 31a At-Risk is \$315.1096852391 per pupil.
The Headlee Obligation for Data Collection funding is at a rate of \$24.9551810845 per pupil.
The proration factor for Section 22j performance funding is .9965655504.
The proration factor for Section 22c Equity Payment is .9993824209.

*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid and School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.